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**POLICY 61.05**

**Section: Coverage & Jurisdiction**

**Effective: 5-1-98**

**Title: Processing Jail Industries for  
Cities and/or Counties**

**Cancels: Policy 61.05  
Dated 2-1-98**

**See Also: RCW 36.110 (Free Venture Industries)  
RCW 51.32.040 (Exemption of awards)**

**Approved by: [signature on original]**

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**Ron Gray for the Insurance Services Policy Council**

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**This policy applies when cities or counties establish an enterprise, or contract with a private sector business or non-profit organization to establish an enterprise, for producing goods or services and use jail inmates as employees of the enterprise.**

**1. A city or county may participate in any one of three Jail Industries programs, in which inmates of that city or county are employed:**

- Tax Reduction Industry
- Free Venture Enterprise, Customer Model
- Free Venture Enterprise, Employer Model

**2. A city or county participating in a Tax Reduction Industry is responsible for reporting hours for industrial insurance.**

A Tax Reduction Industry is **owned and operated** by a city or county, providing goods and services only to tax supported entities or non-profit organizations.

**3. By contract, either the city or county OR the private employer or business participating in a Free Venture Enterprise Customer Model may be responsible for reporting hours for industrial insurance.**

Depending upon the language in the contract for establishing a Free Venture Enterprise Customer Model, either the city or county OR the private employer is responsible for reporting hours and paying premium for industrial insurance.

4. **By contract, the private employer or business entering into a Free Venture Enterprise Employer Model, with a city or county, is responsible for reporting hours for industrial insurance.**

In every case where a city or county enters into a contract with a private employer or business to establish a Free Venture Enterprise Employer Model, it is the responsibility of the private employer or business to report hours and pay premium for industrial insurance.

5. **A new or separate policy will be established for a Free Venture Enterprise, either Customer Model or Employer Model.**

A new state fund policy for each Free Venture Enterprise will be established, regardless of whether the applicant has an account or accounts with state fund or self-insurance, for purposes of reporting hours for inmates employed in the enterprise.

**EXCEPTION:**

Local jurisdictions having coverage under Labor & Industries Self Insurance program may provide coverage for inmates in a Free Venture Enterprise through their Self Insurance policy.

6. **Inmates employed in a Tax Reduction industry are to be reported in classification 4907-01 for cities and 4907-02 for counties.**

Classification 4907-01 and 4907-02 are to be assigned to Tax Reduction industry accounts **only** (cities and counties).

**EXCEPTION:**

Local jurisdictions having coverage under Labor & Industries Self Insurance program may provide coverage for inmates in a Tax Reduction Industry through their Self Insurance policy.

7. **The risk classification(s) to be assigned a Free Venture Enterprise, either Customer Model or Employer Model, will be based on the nature of business being conducted by the Free Venture Enterprise.**

Inmates working in a Free Venture Enterprise will be reported as employees in a risk class similar to that which would be assigned other businesses conducting the same type of operation(s).

**8. Inmates, while incarcerated, are not entitled to time loss benefits.**

Reporting of hours and payment of industrial insurance is required on behalf of inmates who are considered employees of the jail industry program. However, time loss benefits are not extended to the inmate while incarcerated. Refer to RCW 36.110.120(5) and RCW 51.32.040.

**9. In the event of failure of a Free Venture Enterprise, the city or county may be responsible for unpaid industrial insurance premiums.**

In the event of failure, such as bankruptcy or dissolution, any debt incurred for industrial insurance and not paid by the private employer or business *during the contract period only* will become the responsibility of the city or county responsible for establishing the free venture agreement.

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